



Department of Justice

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YUBA CITY DOCTOR AND DENTIST INDICTED FOR \$1.5 MILLION BANKRUPTCY FRAUD

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott announced today that a federal grand jury returned an indictment charging husband and wife ARJINDERPAL SEKHON, age 59, and DALJIT SEKHON, age 60, of Yuba City, with bankruptcy fraud. ARJINDERPAL SEKHON is charged with three counts of bankruptcy fraud upon creditors, two counts of fraudulent concealment of property belonging to the debtor's bankruptcy estate, and two counts of making false statements in connection with bankruptcy. DALJIT SEKHON is charged with three counts of bankruptcy fraud upon creditors, one count of making a fraudulent transfer of property in connection with bankruptcy, and one count of making a false statement in connection with bankruptcy.

This case is the product of an extensive investigation by the Federal Bureau of Investigation, with the assistance of the U.S. Trustee's Office.

According to Assistant United States Attorney S. Robert Tice-Raskin, who is prosecuting the case, ARJINDERPAL SEKHON, a medical doctor, and DALJIT SEKHON, a dentist, devised a scheme to defraud various bankruptcy creditors of ARJINDERPAL SEKHON by transferring over \$1.5 million of real property and income from the ownership of both ARJINDERPAL SEKHON and DALJIT SEKHON to DALJIT SEKHON alone, all as part of an effort to conceal the assets of ARJINDERPAL SEKHON, and divest him of the assets, and to otherwise impede creditors from taking effective action against him to collect their debts.

According to the indictment, on January 31, 1997, ARJINDERPAL SEKHON was sued for sexual harassment and DALJIT SEKHON was sued for defamation by former employee Shobhana Sharma in the case known as *Shobhana Sharma v. Arjinderpal S. Sekhon and Daljit K. Sekhon*, Sutter County Superior Court Case #CV-CS 97-0232. On September 23, 1998, the jury rendered a verdict for Shobhana Sharma and against ARJINDERPAL SEKHON for \$483,000. Immediately before that trial, and again within hours of the adverse verdict, ARJINDERPAL SEKHON and DALJIT SEKHON transferred ownership of certain real properties they owned, including an apple orchard valued at \$1.2 million, as well as all of DALJIT SEKHON's future dentistry earnings, to DALJIT SEKHON as her separate property.

After the original trial judgment was reversed on appeal, on November 14, 2002, an arbitrator again found in favor of Shobhana Sharma and awarded \$175,000 in damages against ARJINDERPAL SEKHON. According to the indictment, within days thereafter, the defendants transferred ownership of other real property they owned to DALJIT SEKHON as her separate property.

In total, immediately before and after the adverse judgments in 1998 and 2002, the

defendants transferred real properties with an aggregate 1997 reported value in excess of \$1.5 million to DALJIT SEKHON as her separate property.

In May, 2003, and again in October, 2003, ARJINDERPAL SEKHON filed for bankruptcy, alleging that his total assets were \$26,185, while his total liabilities were \$1,093,700. The indictment alleges that as part of his bankruptcy filings, he falsely claimed that he had no real property assets and also claimed that he had not transferred any real property assets within a year of the bankruptcy proceedings.

The maximum statutory penalty for each count is five years in prison and a fine of \$250,000. However, the actual sentence will be dictated by the Federal Sentencing Guidelines, which take into account a number of factors, and will be imposed at the discretion of the court.

The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

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